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Exploration on the Benefits and Applicability of Emotional Segmentation for High-End Luxury Brands

The Case of Bentley Motors Ltd.

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Abstract

The objective of this research is to provide a first exploration on the benefits that emotional segmentation can bring to high-end luxury brands such as Bentley and to assess its applicability.

After an extensive literature review on strategic marketing, psychology and consumer behaviour, this research will explain in what aspects emotional segmentation differs from traditional segmentation approaches and an assessment will be made on whether this new approach is valuable for Bentley and in what particular stages of the customer experience.

Research findings proved that a strong link exists between emotional segmentation and psychology. This is what makes emotional segmentation different and so powerful at the same time. On the other hand, putting emotional segmentation into practice differs from the other approaches because it is much more costly and complex to measure customer's emotional responses and effectively group them into distinct segments.

As for the value of emotional segmentation to Bentley, findings suggest that the strong connection between emotions and luxury consumption, makes it a key aspect to determine purchase behaviour. Therefore, it is most important in the awareness and prospecting stages of the customer journey (when brand attitudes are being developed based on images available in the market place) and in the repurchase stage as well.

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Introduction

Followed by a consultancy project completed for Bentley Motors Ltd. and named as *“Benchmarking Analysis on Customer Experience: Awareness and Prospecting Stages”*, this research’s purpose is to critically address the applicability of emotional segmentation to Bentley Motors, a high-end luxury car manufacturer with headquarters in Crewe (United Kingdom).

Bentley, founded in 1919 by Walter Owen Bentley, is the pinnacle of true luxury. Although the luxury car brand has been integrated into the Volkswagen Group, it still remains faithful to a strong British heritage and it has set the benchmark for luxury automotive brands alike.

The company began with a clear vision: to pursue both luxury and performance. This has proven excellent results as Bentley has achieved the highest levels of bespoke luxury and customisation. Even the brand recognises that a Bentley goes way beyond tangible product features as it represents an exhilarating personal journey of self-discovery and identity development.

This research intends to provide meaningful insights into the latest thinking in strategic marketing and it will consider both academic and practical implications. Thus being, meaningful answers will be developed to address the following questions:

1. To what extent does emotional segmentation differ from traditional segmentation approaches?
2. Can emotional segmentation bring value to Bentley in any of its stages of consumer decision making?

This topic has great relevance both to academia and marketers considering the mutations currently affecting the luxury industry. It is true that the luxury industry has been nearly untouched by the recent global recession as a result of the increasing wealth in emerging economies, which has allowed a consistent and global growth of the industry. As a result, not only firms have to sell their products to a new and more diverse customer market but the competition level among luxury brands has also intensified. For the sake of clarification, luxury cars are considered as luxury goods.

This suggests that brands must strive to differentiate themselves in the minds of their target customers and this involves aspects well beyond the product offering. All luxury customers expect an equivalent level of excellence from luxury brands, whatever their product category. Therefore, the key to gain a competitive edge in the industry relies on the ability of luxury brands to connect emotionally with customers. These connections are believed to effectively promote customer loyalty by building a strong and long lasting relationship between the customer and the brand.

To answer to this challenge a new segmentation approach might provide reasonable insights on how to make a luxury brand distinctive from the others. As part of the latest thinking in segmentation studies, emotions have been found to hold a much stronger connection with consumer behaviour than other variables. As a result, grouping customers according to the emotions they feel during the luxury consumption experience appears to be a valuable way for companies, as Bentley, to find the most profitable customer segments, meaning, the most likely purchasers.

Ultimately, segmentation under this new approach would be more effective by leading to a key competitive advantage and a distinct positioning of the brand in

the minds of its target audience. Thus being, this research will attempt to answer the purposed research questions via a deep analysis on existent academic literature. The two questions to be addressed are of great pertinence as for the first time the emotional segmentation approach will be developed and applied to Bentley, a high-end luxury brand.

This dissertation starts with an extensive literature review which joins pertinent topics from strategic marketing, psychology and consumer behaviour, followed by a discussion of the findings disclosed in the literature review. For this exploratory research an empirical study has not been conducted but suggestions for its appropriate conduction will be made as well as managerial implications which especially address the benefits of such a strategy for Bentley.

Literature Review

The Luxury Automotive Industry: key characteristics

Having set the context in which Bentley operates, extensive literature will be reviewed on the definitions of luxury and the luxury car industry for this section.

The concept of luxury has been closely tied to the Theory of Conspicuous Consumption, first suggested by Thorsten Veblen, who argued that people with wealth use it to purchase luxury goods and services that reinforce their social status.

However, since luxury is a highly subjective concept and it varies according to individual's experiences, perceptions and context (Wiedman et al., 2007), researchers haven't agreed on a universal definition of luxury. Nevertheless some attempts have been made.

Arghavan and Zaichkowsky (2000) hold that luxury goods are the ones that bring esteem for the owner and enable consumers to satisfy psychological and functional needs. They further argue that psychological aspects are the main factor which distinguishes luxury from non-luxury products or counterfeits.

In the same line of thought, Dubois and Laurent (1994), as cited in Walley et al., (2013), give prominence to emotional needs which luxury must satisfy. Following, Berthon et al., (2009) refer that as part of those psychological and emotional needs, luxury goods hold an element of hedonism as it is usually purchased for what it symbolises and its ability to evoke exclusiveness.

Undeniably, the luxury industry occupies a distinct place globally. Data from the Business Week (2010) estimates that the value of the luxury sector was around \$240 billion worldwide. The industry has registered a positive and sustained growth which was expected to continue into the following decade. This growth has been driven by the globalisation phenomenon with luxury brands expanding worldwide and consumption habits and lifestyles becoming more homogenised across national borders. It has also been the result of wealth creation, new affluent market segments (Chow et al., 2001) and new digital communication mediums (Okonkwo, 2009, as cited by Walley et al. 2013).

Interestingly, the luxury industry is perceived as being an industry irrespective of the individual product under consideration, which suggests that products from different categories can compete directly with each other especially when both satisfy the same luxury need (e.g. exclusiveness). Therefore, a Rolex might compete directly with a Bentley

Furthermore, the main luxury markets have been the USA, Germany, the UK and Japan (Anurit et al., 2002) and the industry has been traditionally split into the following segments, as proposed by Gosh and Varshney, 2013:

True Luxury	{	<ul style="list-style-type: none"> • For the ultra-rich and it includes fast cars, jets, haute couture, etc.
Traditional luxury	{	<ul style="list-style-type: none"> • Products like fragrances, fashion and jewellery, premium spirits and champagne.
Modern Luxury Living	{	<ul style="list-style-type: none"> • The latest trends offering status and appeal such as travel, luxury technology, online luxury, luxury experiences and services.
Life's little luxuries	{	<ul style="list-style-type: none"> • Luxury ranges that have been developed for the mass market and include affordable luxury dresses, shoes and body care products. This mass-luxury has gained prominence over the last three years.

Among the different types of luxury, Bentley has been the pinnacle of true luxury and as Chevalier and Lu (2010) suggest, besides being targeted at the ultra-rich it “performs the basic function of reinforcing the social stratification”. Goods targeted at this category are defined as rare and very close to unobtainable as they are supposed to be “uncompromisingly extravagant in terms of effort and materials used”, Berghaus et al., (2014).

Focusing this analysis to the car industry, according to Miller (1991) as cited by Sukhdial, during the 90’s the luxury car segment became one of the most competitive in the automobile market and its competition level is expected to rise in the following decade along with the growth of the wider luxury industry. However, as Bentley belongs to the high-end of the luxury car market it owns a smaller market share compared to rivals such as BMW and Mercedes-Benz. Together they account for approximately 80% of the global luxury car market.

Lastly, the growth registered and to be continued in the luxury car industry implies that each brand’s offer is available to a wider range of customers and a social change has been undertaken as companies are presented with a modified customer base. This uncovers the need to know who customers are and how to design marketing approaches that appeal to them. Emotions are common to all human beings irrespective of culture and background so it might be an alternative worth pursuing.

To conclude this analysis, today’s luxury brands seem less remote, less different and less exclusive as more customers can access luxury. Ultimately, the increasing competition between luxury car manufacturers has intensified the importance of a clear brand identity (Anurit et al., 2002) and perceived exclusiveness.

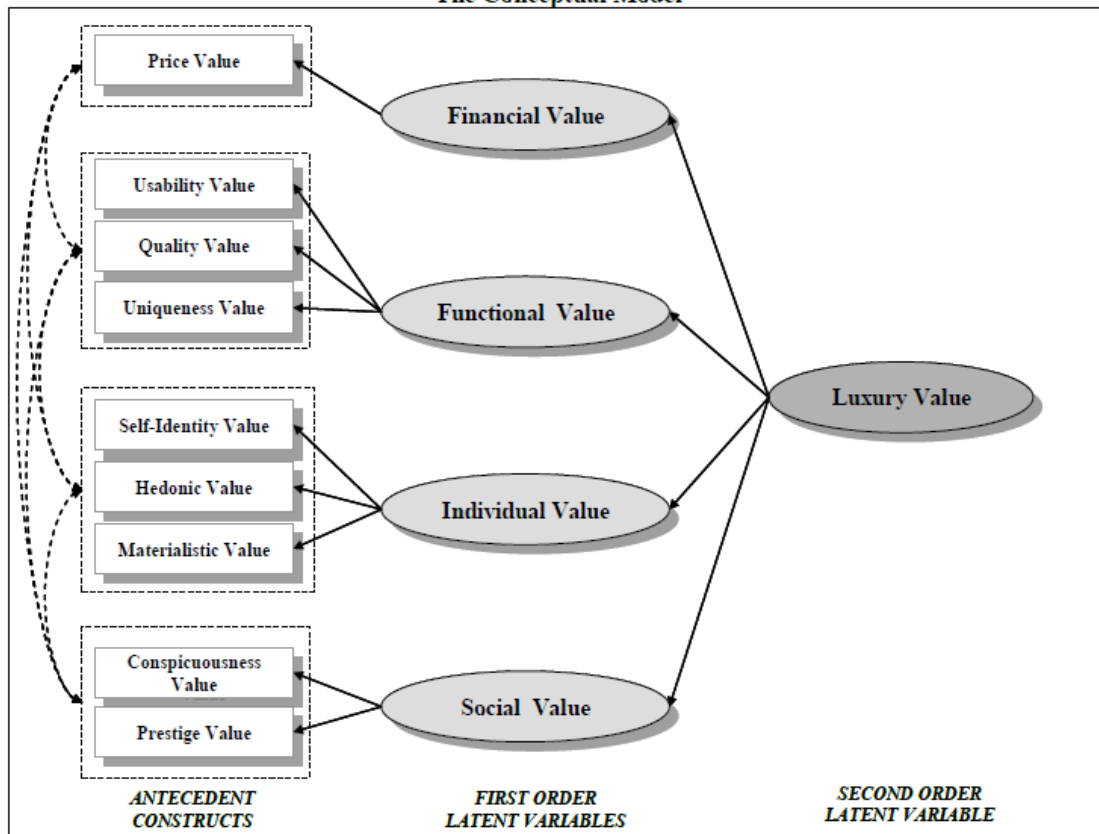
Luxury Consumption & Luxury Consumers

Within the wider luxury marketing literature, scholars agree on the need to understand why consumers buy luxury, what they believe luxury is and how their perception of luxury value impacts their buying behaviour (Hennings, 2007). Consuming luxury thus involve purchasing a product of value both to the customer and his reference group.

According to Siebels et al. (2007), motives for consuming luxury brands still remain attached to the premise of “buying to impress others”. Consumers are highly affected by the internal drive to create a favourable image of themselves by purchasing a given product, according to Sallot (2002) as cited in Siebels et al., (2007).

Therefore, Scholars have tried to synthetize what adds value to the consumer’s perception. The following model, conceived by Siebels et al. (2007) is still used by current researchers to assess what counts for consumer’s perception of luxury value and ultimately leads to consumption:

FIGURE 1
The Conceptual Model

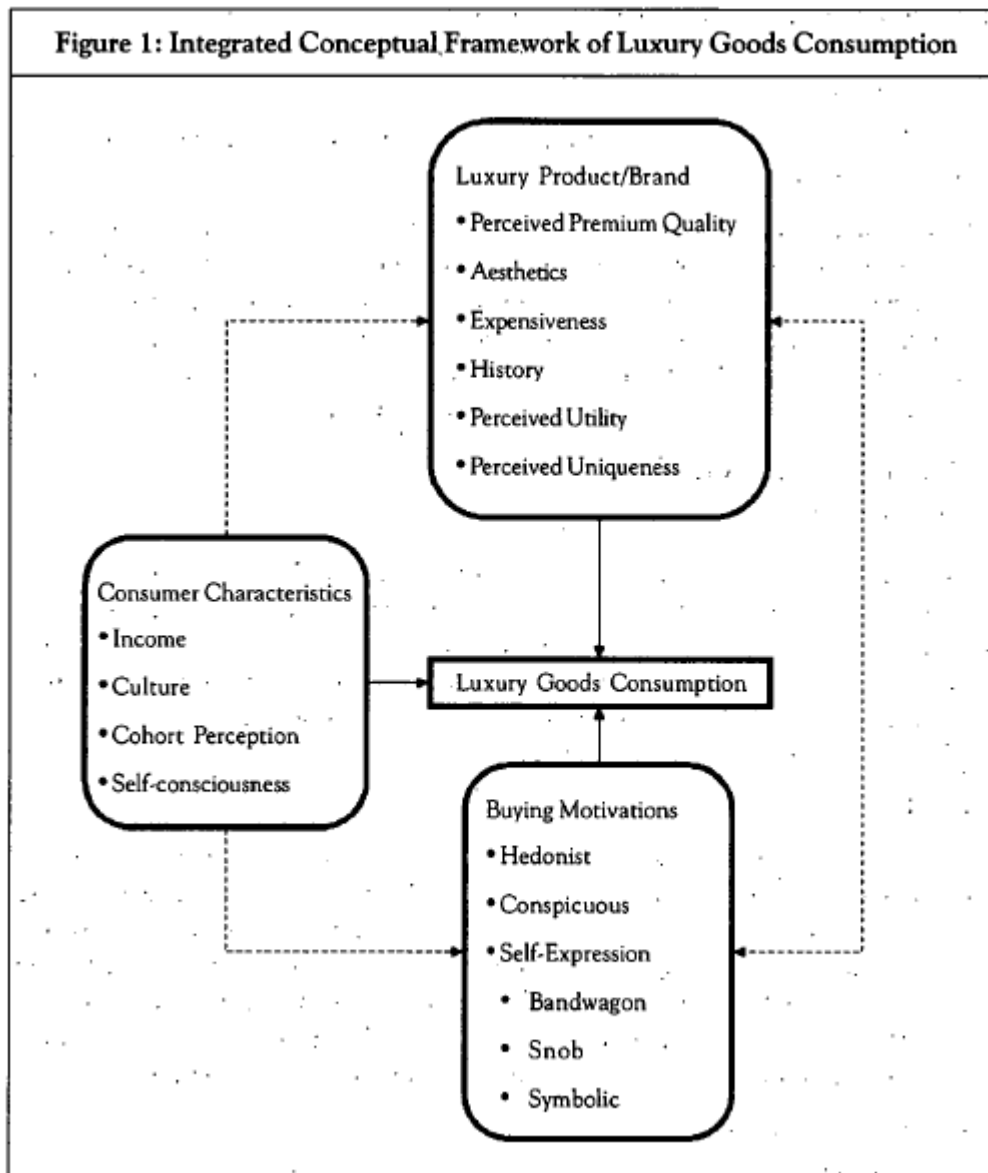


Thus being, luxury value comprises four core values: the financial dimension, the functional dimension (highlights the core benefit), the individual dimension concerning the personal characteristics underlying luxury consumption (here emotions appear at the ‘backstage’ connected to a hedonic value) and lastly, the social dimension, which is the perceived utility individuals get by consuming products or services recognised within their immediate social groups. This is known to significantly affect the evaluation and propensity to purchase from luxury brands.

First order latent variable	Antecedent constructs	Details
Financial value	Price value	Setting a high price might even make products more desirable.
Functional value	Usability value	The core benefit consumers get to satisfy their needs.
	Quality value	Consumers buy from luxury brands because of the superior quality reflected by the brand name.
	Uniqueness value	Perceived exclusivity and rareness of a product enhances the consumer's desire or preference for a brand.
Individual value	Self-identity value	It is related to the way consumers perceive themselves and how they consume luxury products to support and develop their identity.
	Hedonic value	In addition to its functionality and core benefit, some products carry an emotional value and provide intrinsic enjoyment.
	Materialistic value	As possessions play a central role in one's life, the more materialistic a consumer is the more likely he is to purchase.
Social value	Conspicuousness value	It is applicable for goods consumed in public and of particular importance for social-status seekers.
	Prestige value	Luxury brands often enclose prestigious values and social referencing used to construct one's self.

Following Siebel's research on assessing what people value in luxury consumption, Ghosh and Sanjeev (2013) characterised luxury consumption using a holistic approach. Therefore, the authors joined three dimensions into a framework: the luxury product and respective brand, consumers' characteristics and buying motivations. This was an attempt to cover the research gap they

identified. According to them, this topic has received little attention in extant marketing literature.



Contrary to Siebel's model about luxury value, Gosh and Sanjeev did not consider the functional features of luxury products as determinants for actual consumption. A lack of consensus remains since most scholars consider luxury products to have a high non-functional utility. Therefore, when describing the luxury product/brand the authors highlight aspects related to the perceived image the brand holds on consumers' minds. These are shaped by the brand's

reputation and heritage, its price and the perceived exclusiveness it confers to consumers.

As for consumer's characteristics, scholars seem to agree on the strong association between income and luxury goods consumption. Regarding self-consciousness, it depends on each individual's personality as some perceive themselves to be concerned about their own satisfaction and others place a great importance on the influences from their reference groups. This distinction implies a different buying motivation.

Concerning buying motivations, some people tend to emulate the upper classes of society and engage in conspicuous consumption when seeking status. Others are hedonistic and seek pleasure from the luxury consumption experience. Under the self-expression variable an important extension to the previous model is made by integrating bandwagon and snob effects which are known to influence publicly self-conscious consumers. For these the reference group plays a major role as bandwagon consumers want to follow their reference group and snob consumers strive to be different from the reference group they don't want to be associated with. Last but not least, for symbolic motivation what matters is the look and feel of the product and what it stands for symbolically.

Consumption of Luxury Automobiles

Since emotions play such an important role when consumers construct their luxury value perception, it has been assumed that emotions also play a key role in luxury consumption buying behaviour as the previous sections refer to. Therefore, extensive literature has been reviewed concerning the emotional patterns associated with car drive and the core aspects which determine consumers' choice when purchasing a luxury car.

Sheller (2003) concluded a very interesting research about the emotions people feel upon driving a car and the key attributes that determine consumer's purchasing decisions. Cars are regarded to elicit a wide range of feelings from the pleasure of driving, the thrill of speed and the security engendered by driving a safe car. Ultimately car consumption is reduced to aesthetic, emotional and sensory responses to driving.

Emotions such as pleasure, euphoria and envy of driving a given car are crucial for people's decision making process. Aware of this fact, automotive manufacturers have manipulated their brands via advertising as brands can easily elicit, evoke, regulate and manage this connection with the use of marketing tools. Thus being, an effective strategy would be to invoke the core emotions associated to the brand and the car on the respective target audience.

As a luxury car represents a non-routine purchase, consumers seek to gain experiential or symbolic benefits from the car brand itself and not only from the product. Then, essential features become unimportant because all brands are perceived to offer equivalent physical attributes and technological features.

Attitudes are another key element in luxury consumption behaviour. It is highly likely that most current luxury car owners have purchased a car previously. Thereby, an attitude has potentially been developed towards it. Attitudes can also be formed based on prior information like existing images in the market place (via digital communication channels, the traditional mass media or from the reference group's word-of-mouth).

As defined by Anurit (2007), attitudes are an evaluation judgement from a prior experience and it may include satisfaction from dealers, products and services such as after sales and warranty and the driving experience. Attitudes are vital to predict buyer behaviour of luxury automobiles. The following table summarises the attitude variables which potential luxury car buyers might have developed:

Reliability Quality Durability Safety Security Performance Efficiency Technology Handling	Objective variables
Value Style Comfort Prestige Status Visual impact	Subjective variables

For the sake of clarity, it is worth highlighting that these different attitudes are directly related to the different types of customers in both cognition and emotional dimensions. Therefore, consumer's response dispositions are organised into a set of patterned emotional reactions which reflect the differences registered by demographics, psychographic or lifestyle characteristics. As a result, marketers need to focus on who buys their cars to make an effective segmentation.

Upon the decision to buy a luxury car Engel (1995) as cited in Anurit 2002, agree that personality is of little value to predict luxury car ownership as it could only predict, to some extent, brand preference. Again, the necessity to differentiate each brand's offerings to reflect their consumer's goal is clear as it has also been emphasised by Goodyear (1996). Country stereotypes also have some impact on product evaluations and purchase decisions (Haubl, 1996) as they might influence the choice of specific brands when considering factors such as heritage and brand reputation.

Here is where emotional elements begin to play a major role in branding as customers need to choose among brands and all provide equivalent levels of excellence. Then, how important are the physical features and attributes of luxury cars? For high-end luxury cars these appear to have less importance than symbolic characteristics.

In fact, Anurit (2012) confirms that prestige and status have a greater importance than functional benefits such as reliability, quality, durability, security and comfort. When purchasing a luxury car, consumers mainly look for user imagery and usage imagery to gain symbolic benefits.

Following this assessment, top luxury car brands are attempting to distinguish their brand using the post-modern approach: the brand as the company and the brand as policy.

Managing Luxury brands

The increasing competition in the market place and the recent 'democratisation of luxury' triggered by the continuous growth in the luxury industry have set the challenges to which luxury brands must answer. At the core of this answer is the necessity for brands to clearly distinguish themselves in the minds of their target audience. This section intends to address how luxury brands, as they are, can deal with these challenges.

Luxury has been described as timeless, fast-growing and highly profitable. Following the same rationale, a luxury brand, as suggested by Gosh and Sanjeev (2013) "evokes exclusivity, has a well-known brand identity, enjoys high brand awareness and has perceived quality". Ultimately, luxury brands compete on their ability to provide all those benefits and win over their competitors (Phau and Predergast, 2000).

Taking into consideration the competitive landscape in which luxury brands operate, premium marques must develop attributes and values that can influence buyers emotionally to keep or improve their positions in the market. Because emotions truly weight on consumer's choice, it is not only the objective features (tangible and technical attributes) but rather the subjective perception of these attributes that determine consumer's choice (Anurit et al., 2002).

Following this thought, Siebels' model highlighted that luxury consumers prefer the brand that satisfies their emotional and cognitive needs in the best way. Therefore, luxury brands also have to encompass consumer's values to justify purchase.

As luxury attracts consumers for what it stands for symbolically (Kastanakis and Balabanis, 2011), luxury brands must try to leverage particular themes and meanings to fuel consumption. Therefore, marketers have managed luxury brands by focusing on product quality, innovation, strong set of values and a focus on detail (Beverland, 2004, as cited in Walley et al. 2013).

As stated above, with companies competing to make their brands distinctive the ultimate solution really is the establishment of consumer-brand linkages at the emotional level. Marketers thus aim to develop deeper, long lasting and strong brand attachments with the consumers (Imamoglu et al., 2013).

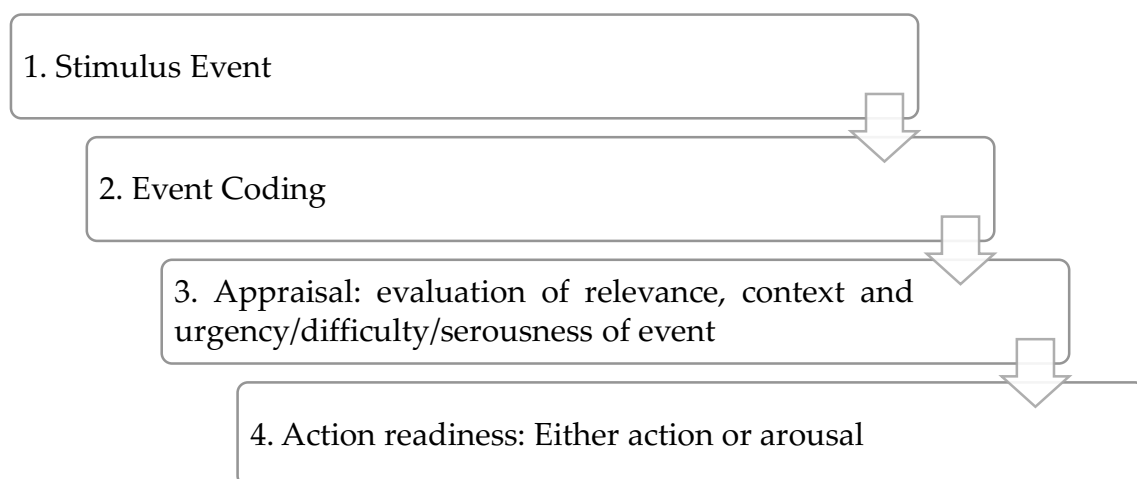
In fact, emotional content is what creates and communicates brand values (Watzkawick, 1967) and this is the foundation to build a relationship with customers. Then, it is evident that emotional brand connections lead to higher levels of firm performance and competitive advantage. These emotional links between consumers and the brand result in an increased commitment, satisfaction and repurchase intention besides having a direct impact in profitability, from the practitioner's point of view.

Lastly, creating an emotional bond with customers requires the company to put their needs ahead of the product selling and a congruent marketing strategy. All must be tailored to address consumers' needs and the emotions the brand wishes to evoke in them to incentive purchase. This would allow the company to segment their customers using emotions so marketing efforts are employed only for the right groups. Ultimately it would lead to higher profitability and a sustained competitive advantage.

The role of emotions on luxury car consumption

Bagozzi et al., 1999 have given a great prominence to the role of emotions by arguing that they function as causes, effects, mediators and moderators in marketing behaviour and are vital to understand what drives consumers to actually purchase.

With 'emotion' the authors mean a mental state of readiness that arises from cognitive appraisals of events or thoughts. It is accompanied by psychological processes, often expressed physically (in actions, posture and facial features) and may result in specific actions to cope with that emotion, e.g. purchase to keep that emotion. The following model, conceived by Frijda (1986) as cited in Bagozzi et al. (1999) shows how emotions make up an entire process from stimulus event to effective action:



Emotion is thus regarded as a primary source of human motivation and exerts substantial influence on memory and thought processes. This implies that the human brain recalls the emotions it feels when as they are triggered by a certain

consumption experience, according to Russel (1979) as cited in Westbrook and Oliver (1991).

Furthermore, since emotions elicited during consumption experiences leave strong affective traces, they are easily accessible when the customer is exposed to the consumption experience again. Once emotions are elicited the customer will remind himself of either past consumption experiences or the brand perception he already had from market place images. If those were positive, he might engage in behaviour. The same applies if his past consumption experiences were positive and the customer developed positive attitudes towards the brand. He wants to experience the emotion again (Cohen et al., 1991, as cited in Westbrook and Oliver, 1991).

Therefore, emotions are an important component of consumer response (Richins, 1997, as cited in Pelsmacker et al., 2012) and researchers have been lead to believe that emotions hold a stronger connection to behaviour because spontaneously evoked affective reactions tend to have a greater impact on choice (Shiv & Fedorikhin, 1999). Since high involvement purchases imply a significant emotional impact, Pham (1998) as cited in Pelsmacker (2012) agree that emotions can be a strong determinant of consumer behaviour and a way to secure existing customers and avoid losing them to competitors.

Recognising this fact, emotions have even been added to the Theory of Planned Behaviour, used to predict the individual's intention of performing a given behaviour (Ajzen et al., 1992). Kwarnik and Ross (2007) have further explored this issue and agreed that emotions are particularly important early in the decision making process as the pleasure of consumption can begin before the act of consuming.

Traditional segmentation approaches

Segmentation has been placed at the core of marketing, as both strive to understand and respond to the diverse needs of customers (The Marketing Mentor). As targeting all customers is inviable and way too costly, an effective segmentation approach is vital to spot which customers are the most profitable and which will most certainly engage in actual consumption.

Goyat (2011) strongly observes that “change or die is the core faith of marketing”. This means that adapting to customers’ and society’s mutations across time allows companies to design the right marketing strategy and to adapt it to effectively address the challenges of an on-going changing environment.

Marketing segmentation is a concept first put forward by Wendell R. Smith (1950) and appeared as the solution to help companies dividing their customers into homogeneous groups. Its purpose is to concentrate marketing energy to win a competitive advantage on each targeted segment. Therefore, it comes as no surprise that a deep knowledge about customer’s needs, demands and wants is necessary so a correct approach is used (Lamb, 2003, as cited in Goyat 2011).

Four segmentation basis have been generally accepted by scholars: Geographic, Demographic, Psychographic and Behavioural. Each dimension considers several variables included in the following table:

Demographic	Geographic	Psychographic	Behavioural
<ul style="list-style-type: none"> - Age - Gender - Family size - Family life cycle - Income - Occupation - Education - Generation - Ethnicity - Nationality - Religion - Social class 	<ul style="list-style-type: none"> - Region - Metropolitan area - Population density - Climate 	<ul style="list-style-type: none"> - Interests - Activities - Opinions - Values - Attitudes 	<ul style="list-style-type: none"> - Benefits sought - Usage rate - Brand loyalty - User status - Readiness to buy - Occasions

However, these variables are not used unilaterally and since satisfying customers' needs has been found to be at the core of every successful market segmentation, Roger J. Best (2004) as cited in Goyat (2011) suggested that the following process should be undertaken by any company irrespective of its competitive landscape:

Key Steps in a Needs-Based Market Segmentation Process.

Steps in Segmentation Process		Description
1	Needs-Based Segmentation	Group customers into segments based on similar needs and benefits sought by customer in solving a particular consumption problem.
2	Segment Identification	For each needs-based segment, determine which demographics, lifestyles, and usage behaviors make the segment distinct and identifiable.
3	Assess Segment Attractiveness	Using predetermined segment attractiveness criteria, determine the overall attractiveness of each segment.
4	Evaluate Segment Profitability	Determine segment profitability (net marketing contribution).
5	Segment Positioning	For each segment, create a "value proposition" and product-price positioning strategy based on that segment's unique customer needs and characteristics.
6	Segment "Acid Test"	Test the attractiveness of each segment's positioning strategy.
7	Marketing-Mix Strategy	Expand segment positioning strategy to include all aspects of the marketing mix: product, price, promotion, place, and people.

The author thus defends that before using any segmentation variables to profile customer segments, their needs must be identified and only then the use of other segmentation basis is appropriate. This approach has gained acceptance among academics and is also supported by McDonald and Greenberg (1989) who argue that social diversity has implications for product requirements, patterns of product use and message receptivity. Therefore, the companies which identify their customer segments' needs and target their products and messages at the most receptive segments, are much more likely to be successful.

A closer look into needs-based segmentation shows that people are placed in groups according to category-specific motivations, perceptions, requirements and barriers. So far, it has been considered the best method for segmentation because it meets key actionable criteria most consistently and reliably.

Even early studies on segmentation conducted by Haley (1968) argued in favour of benefits-based segmentation. The author concluded that the benefits people seek when consuming a given product are the basic reasons for the existence of true market-segments. Experience has also shown that it can determine consumer's behaviour much more accurately than do demographic characteristics or volume consumption, from behavioural segmentation.

For Haley (1968) the process is simple and also predicts the use of complementary segmentation tools. Thus being, once people have been classified into segments, in accordance to the benefits they are seeking, each segment is contrasted with other segments regarding their demographics, volume of consumption, brand perceptions, media habits, personality and life style. As a result, a deep understanding of the people who make up each segment is gained and it becomes possible to reach them and present tailored offers accompanied by the most appropriate marketing approach.

Needs-based segmentation is also of particular interest as it provides fresh insights into markets and, according to Haley (1968) it has even allowed the discovery of new segments of particular interest for luxury brands:

- The Status Seeker: a group concerned with the prestige of the brands purchased.
- The Swinger: a group which tries to be modern and up to date in all of its activities and brand choices reflect this orientation.
- The Hedonist: a group which is primarily concerned with sensory benefits coming from the consumption experience.

However, researchers haven't reached a consensus regarding the best market segmentation approach as its techniques remain controversial. Nevertheless and although needs-based segmentation has been recognised as an important first-

approach to segmentation, a review on the main segmentation basis will be given below.

The simplest segmentation technique consists on the use of fairly accessible characteristics such as socioeconomic or demographic traits and product usage variables. These are still used but have been completed in recent times by more complex and statically sophisticated principles of segmentation such as psychographics.

Psychographics are another popular form of segmentation. McDonald and Greenberg (1989) define it as grouping people on the basis of personality traits, values or lifestyles. This is seen as an advance of demographic segmentation in which lifestyles are at its core (Vyncke, 2002). The term was introduced by Demby (1974) who merged psychology and demographics in an attempt to gain a deeper understanding of consumer behaviour. This came as the answer to demographics' inability to reveal consumer's underlying motives in purchase decisions.

Part of psychographics, values are also worth mentioning as desirable, trans-situational goals which vary in importance to serve guiding principles in people's lives. These might include the wish of luxury car consumers to have and show a sense of accomplishment, an exciting life, social recognition, etc.

Other basis of segmentation include behavioural segmentation which groups people on the basis of how much they purchase.

Emotional segmentation

In a well-known Business Harvard Review article, Yankelovich and Meer (2006) uncovered some inconsistencies in currently used segmentation approaches. Therefore, strong criticisms were developed on what can be called a true rediscovery of market segmentation. For the first time the term 'emotional segmentation' has been suggested.

After revising existent literature, both authors agree that emotions have been wrongly disregarded by past academic studies. In fact, they have a strong correlation to behaviour and might be much more effective when segmenting customers rather than more popular approaches.

As to criticisms, both authors attest that market segmentation has been too narrowly focused on the needs of advertisement. Segmentation should be given a greater relevance as it can provide clear directions to product innovation, pricing and choice of distribution channels. Regarding psychographics, these authors recognised that it might capture some truth about real people's lifestyles, attitudes, self-image and aspirations but they are very weak in predicting what consumer's decisions will be in a given product category. It also provides no foundation to guide the company on how to keep its customers and gain new ones.

Concerning demographics, as tastes and purchasing patterns are no longer aligned with age and income, this approach has also lost its capacity to guide companies' decisions. On the other hand, to convince consumers that a product is perfect for them the key is to emphasise the emotional rather the functional benefits offered by the products considered. These could be the price of

ownership, increased status and sex appeal. These developments allowed to place a new emphasis on consumer's self-conception, emotions and personality as important drivers of consumption behaviour.

Influenced by constant social mutations, segmentation must be adaptable enough and must strive to keep an on-going and dynamic research much concentrated on consumer's needs, attitudes and behaviour which can change quickly and depend on the emotions felt before or during the consumption experience.

These authors further highlight the importance of emotions in segmentation with an example about luxury cars: in a high-involvement purchase context, marketers test how concerned consumers are about quality, design, complexity and the status a product might confer. Here consumer's emotional investment is great and their core values are engaged. This reveals that a new emphasis must be incorporated into segmentation approaches.

Key Findings & Discussion

A summary of the key findings for each section addressed in the literature review is provided bellow. It will be followed by a discussion of these with the main purpose to spot conflicts between the theories and ideas addressed and possible research gaps. Finally an answer to the research questions will be given along with its implications for marketing. Suggestions for further research will be stated, where necessary.

The Luxury Automotive Industry

- There is no agreement on the definitions of luxury as it has been considered to be highly subjective and context-dependent;
- Dubois and Lauren (1984) were the first to incorporate 'emotions' into the definition of luxury whereas Berthon (2009) highlighted the hedonist side of luxury attached to deep symbolic meanings and of relevance to the consumer's identity. These are important extensions to the Theory of Conspicuous Consumption which only connected luxury to the wish of social recognition and exclusivity.
- A social change has been undertaken in the luxury industry as a result of its growth in emerging economies. This implies that luxury brands now deal with a new and more diverse customer market and must find ways to address their needs in a globalised world.

Luxury Consumption & Luxury Consumers

- Scholars have agreed that consumers' perception of luxury value impacts their buying behaviour though no empirical attempt has been made to address whether some of those values have a greater importance when determining behaviour.

- Scholars also seem to agree that luxury consumption is strongly connected to the consumer's wish to impress others. However, recent findings on the role of hedonistic and self-identity motivations to engage in luxury consumption have challenged this. Luxury goods help customers to satisfy their symbolic needs while building their own self-identity.
- Both models on luxury consumption have disregarded the role of emotions in luxury value. They purposed other variables which only indirectly address emotions.
- A consensus has recently been achieved: intangible attributes of luxury goods are the key aspect for purchase decision and it has replaced the role of functional product features.

Luxury Cars Consumption Behaviour

- Cars consumption has been reduced to aesthetic, emotional and sensory responses to driving.
- Conflicting points of view: for some scholars the symbolism embodied in luxury cars is the most important aspect for consumer's choice between different luxury car brands. For others attitudes, defined as evaluative judgements, are the key to determine behaviour both at the awareness and repurchase stages of the customer journey.
- If different attitudes to luxury cars have been developed it means they correspond to different kinds of customers, both cognitively and emotionally. Thereby, their emotional reactions are different and unveil their specific demographic, psychographic and lifestyle characteristics.
- Emotional elements play a major role in luxury branding and are effective in distinguishing the brand from others alike in the mind of consumers.

Managing Luxury Brands

- Luxury brands compete on their ability to evoke exclusivity, brand identity and perceived quality.
- Luxury consumers tend to prefer the brand that satisfies their emotional needs in the best way which is congruent to the luxury brand's objective to develop deeper, long lasting and strong brand attachments to consumers.
- As Watzakawick recognises, the emotional content is what creates and communicates brand values and the foundation to build relationships with customers.

The Role of Emotions in Marketing

- Bagozzi was the first to highlight the importance of emotions in Marketing as they function as the causes, effects, mediators and moderators of marketing behaviour.
- Since emotions are conceived as the entire process from stimulus to action, they are a key to purchase behaviour.
- Considering high-involvement purchases emotions can be a key determinant in consumer choice. As a recognition of its importance, emotions have been added to the Theory of Planned Behaviour.

Traditional Segmentation Approaches

- Most academics agree that a needs-based segmentation approach is the best as shows a positive correlation to consumer's behaviour.
- Academics have recognised four basis of segmentation: demographics, geographic, behavioural and psychographic.
- Marketers recognised the complexity of today's competitive landscape and tend to use simpler segmentation characteristics, such as demographic traits and product usage variables as a complement to

others. Psychographics itself are an extension to demographics but capable of revealing consumer's underlying motives to engage in consumption. On the other hand, behavioural segmentation doesn't provide any guidance to luxury brands on the needs that actually motivate people to buy luxury goods.

Emotional Segmentation

- Yankelovich and Meer (2006) challenged several aspects about segmentation and were pioneers in suggesting the concept of emotional segmentation as a more effective way to group customers since it also shows a strong and positive correlation to consumption behaviour.
- Both authors argue that segmentation has been too focused on advertising and accused marketers of not exploiting the full potential that an effective segmentation can bring to other marketing-mix variables (pricing, choice of distribution channels and product innovation) and the overall marketing strategy.
- As to traditional forms of segmentation, Meer and Yankelovich have argued that psychographics lack on their ability to predict consumers' decisions in a given product category and demographics are not reliable as consumption patterns since they no longer depend directly on income and age.

Before providing a clear answer for the purposed questions, research gaps and conflicting views between scholars have been found and must be addressed before moving forward. First of all, from the practitioner's point of view, it is clear that luxury brands have recognised the importance of the emotional connection between itself and consumers. Inclusively, have used emotions for advertising purposes. Therefore, how can brands expect to gain profits from their

emotional advertising, when in their segmentation approach they haven't considered which emotions actually drive their targeted customers?

Even though they were recognised as an important element, emotions have been, narrowly, placed under emotional branding, with the objective to create a distinctive identity of the brand in customers' minds. However, condoning emotions only to branding evokes an incongruence as now the marketing strategy lacks integration and consistency, both vital for every marketing strategy's success.

Concerning attitudes, they are also considered as a key aspect when determining purchase and repurchase. However, since emotions are a need for luxury consumers and car consumption is reduced to emotional responses to driving, according to Mimi Sheller, then emotions might have been at the foundation for that attitude.

A research gap has just been uncovered since the role of emotions when consumers develop attitudes towards the brand hasn't been addressed yet. This would need to be tested empirically. I believe that if the emotions were positively felt during a past consumption experience and were able to trigger consumers' core values then repurchase is likely, if brands can elicit and manage those emotions again. The same applies to the pre-consumption stage.

Emotions can also be evoked at the awareness and prospecting stages of the customer journey and again, if positive and engaging, purchase is likely. For this to be effective, luxury brands must know what emotions their target audience is seeking when acquiring their luxury goods. Targeting multiple segments is also possible as long as knowledge is gained on what matters to each group via segmentation studies with a clear focus on emotions.

In existing literature, emotions have been considered in terms of advertising and this research has already made progress in suggesting that emotions are also important for new segmentation approach. Still, a clear research gap exists and must be addressed. Empirical research would also be a good starting point. For future research scholars would have to conduct an extensive questionnaire to current luxury car owners using multivariate techniques for data analysis to assess the correlation, if any, between customers' key characteristics, described by simpler segmentation variables and the emotions they felt while experiencing the car in different car-usage situations.

As a luxury brand's fleet has cars with different features, both tangible and symbolic, the emotions invoked by each car model should be different. Such study will be costly and time consuming but it should provide benefits in the medium term as a more effective segmentation and marketing customisation are the key to address the most profitable customer segments with the least amount of resources needed.

Returning to main issue, there is also a clear lack of integration between social sciences (including psychology) and business subjects. Important progresses have been done and demonstrated the important role of emotions to drive behaviour but only very recently scholars suggested it could actually support luxury brands. Still, a clear connection has not yet been made between the role of emotions on luxury branding besides advertising.

Another issue has been raised from this research. Scholars generally defend that needs-based segmentation is the reason of existence for market segments but in the concrete case of luxury brands, aren't emotions by themselves a need? There is a conflicting view between Meer's approach to emotional segmentation and previous studies. Meer argues that emotions are a key determinant for

consumption behaviour but advocates of needs-based segmentation argue that needs correlate positively with behaviour. Who is right?

About the research questions, answers can be deducted both from the findings and discussion. Still, for the sake of clarification a clear answer to each one is provided in the following pages.

To what extent does emotional segmentation differ from traditional segmentation approaches?

Scholars have recognised four traditional basis of segmentation: psychographics, demographics, geographic characteristics and behavioural. The relevance placed in emotions has been very poor. Still, by its subjectivity it is clear they must be considered under psychographics which characterise people according to their values, lifestyles (interests, activities and attitudes. Inclusively, the development of brand attitudes depends on emotions, as this research suggested).

Contrary to other traditional segmentation variables, emotional segmentation has a strong link with psychology, its parent, who first has studied emotion and defined it has a process that starts with a stimulus and can lead to actual action triggered when answering to that stimulus in a truly intense sensory experience. Isn't marketing strategy all about launching stimulus to the market place and monitor its results to assess whether it has led to actual purchase from targeted customers?

This link to psychology, the individual's identity and his deepest beliefs is what makes emotional segmentation different yet a much more powerful approach to segment customers, in the context of high-end luxury purchases. Another

original aspect of emotional segmentation is its capacity to predict consumer's decisions in the future, though scholars haven't empirically proved this statement.

luxury cars consumption is reduced to the emotion responsiveness customers show towards using the product, but more importantly, consumers clearly seek to gain experiential and symbolic benefits from the car brand itself and not only from the product.

In another perspective, emotional segmentation might be quite difficult to perform compared to more objective segmentation variables. Here an intense and careful observation of consumers' emotional reactions when driving the luxury car is needed. It may be both difficult to observe an emotion (they are not always externally shown) and to classify many customers into those emotions. Other segmentation variables are more actionable than this one (e.g. demographics).

Can emotional segmentation bring value to Bentley in any of its stages of consumer decision making?

From this research it is clear that emotional segmentation can definitely be of value for a luxury high-end brand as Bentley.

In a first instance, luxury consumers seek to fulfil their emotional needs when acquiring luxury goods. Addressing specifically luxury cars, scholars have considered that besides the fact that emotions elicited while driving (e.g. the euphoria of driving at a high speed) are the key in people's decision making process, the car consumption itself is reduced to people's emotional responses to driving.

The new approach undertaken by luxury car brands of emphasising the brand's core values, heritage and perceived exclusivity instead of focusing on the physical/functional attributes of each car model, is a clear sign that luxury brands recognise that consumers also seek to gain symbolic benefits from the car brand itself.

The value of emotional segmentation to Bentley is closely tied to consumer's attitudes in relation the brand itself. Though research is needed to prove the following statement, the development of attitudes depends on emotions as they are at the core of the evaluation consumers make about the brand and the experiences with its products.

Therefore, it comes as no surprise that brand attitudes can be formed before a consumption experience has occurred and are thus important for the customer to engage in his first purchase. The same happens in the repurchase stage but here attitudes were developed based on an actual experience with the product. In conclusion, emotional segmentation provides value to Bentley in the awareness and prospecting stages as well as at the repurchase stage of the customer journey.

Managerial implications

In today's changing market place and with luxury companies facing an ever increasing competition level, it is key for their survival to maintain effective and congruent marketing strategies, allowing the company to register the changes in consumption patterns and quickly but effectively adapt to changing circumstances, whenever necessary.

Segmentation has been placed at the centre of marketing for some reason. It is the tool marketers use to get to know their customers and better reach them with especially tailored offers and appropriate marketing approaches. The objective is to focus marketing efforts and resources to the most profitable consumers as these are the most likely to purchase and remain loyal to the brand. Therefore, with the extensive knowledge acquired about customers, market segmentation can even guide companies in tailoring their product and service offerings to those groups.

Furthermore, one thing is granted: if appropriately made, segmentation can open new opportunities to track the results of a marketing strategy and it can lead to the development of new or altered products and set a new positioning course.

In fact, effective segmentation can help Bentley to enhance the luxury experience being offered to their customers. By connecting emotionally with them and knowing what emotions they seek for in a luxury car, Bentley can effectively adapt its strategy to better answer to each group demands, needs and wants.

In the awareness and prospecting stages of the customer journey Bentley can earn both brand advocates and first purchasers. At the repurchase stage is all about

making an existing customer a loyal one. Emotions play a clear role for both and segmenting customers emotionally allows Bentley to construct a much deeper relationship with customers from each target segment. Ultimately would reflect higher sales and profitably.

Conclusion

This research proved to be useful and of value by enriching academia with an in-depth exploration into emotional segmentation, a concept worth considering and part of the latest thinking in strategic marketing.

Since it is such a complex concept as it embodies characteristics and connections from other disciplines, literature from psychology and consumer behaviour have also been reviewed in the course of this research to provide sustained and reliable findings.

Although this research doesn't include an empirical research on the emotional reactions of Bentley customers, clear suggestions are provided on how to perform it.

Nevertheless, the extensive analysis on the literature review allowed to conceive a clear answer for each research question. A strong link exists between emotional segmentation and psychology and this is what makes emotional segmentation different and more powerful than traditional segmentation approaches time. On the other hand, putting emotional segmentation into practice differs from the other approaches because it is much more costly and complex to measure customer's emotional responses and effectively group them into distinct segments.

As for the value of emotional segmentation to Bentley, findings suggest that the strong connection between emotions and luxury consumption, makes it a key aspect to determine purchase behaviour. Therefore, it is most important in the awareness and prospecting stages of the customer journey (when brand attitudes

are being developed based on images available in the market place) and in the repurchase stage as well.

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